

**HIAWATHA TELEPHONE COMPANY***"Bringing the Information World to Your Fingertips"*Robert W. Orent, Vice President &
Chief Operating Officer

December 18, 1997

Universal Service Administrative Company
ATTN: Mr. John Ricker
100 South Jefferson Road
Whippany, NJ 07981Federal Communications Commission
ATTN: Ms. Sheryl Todd
Universal Service Branch
CC Docket No. 96-45
2100 M Street NW, 8th Floor
Washington, DC 20554

✓ The Office of the Secretary
CC Docket No. 96-45
Federal Communications Commission
1919 M Street NW, Room 222
Washington, DC 20554

SUBJECT: Michigan State Designation of Hiawatha Telephone Company as Eligible Telecommunications Carrier

Enclosed is a copy of the Michigan Public Service Commission's Order in Case No. U-11548, dated November 25, 1997, which determines that "The members of The Michigan Exchange Carriers Association, Inc. . . . are designated as eligible telecommunications carriers for purposes of receiving universal service support for high cost, low income, and rural healthcare funding assistance."¹

Also enclosed is a letter from the Michigan Exchange Carriers Association (MECA) dated December 17, 1997, attesting to the fact that Hiawatha Telephone Company is a member of MECA, and therefore is affected by the Order in Case No. U-11548.

This Order also recognizes that "Each of the MECA members . . . qualify as a "rural telephone company" as defined by the federal Act. 47 USC 153(37)".² In addition, the Order also finds that "Each of the study areas of the members of The Michigan Exchange Carriers Association, Inc. . . . are designated as service areas for purposes of determining universal service obligations and support mechanisms".³ Hiawatha Telephone Company's study area number is 310713, and we will provide another letter to you transmitting our self-certification as a rural carrier to the Michigan Public Service Commission.

Respectfully Submitted;

Robert W. Orent
Vice President & Chief Operating Officer
Hiawatha Telephone Company

pc: Ms. Dorothy Wideman, Michigan Public Service Commission

¹ Case No. U-11548, page 5, ¶A² Case No. U-11548, page 2, ¶3³ Case No. U-11548, page 5, ¶C

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
THE MICHIGAN EXCHANGE CARRIERS)
ASSOCIATION, INC., for certification of its)
members and Frontier Communications of)
Michigan, Inc., as eligible telecommunications)
carriers for universal service purposes.)
_____)

Case No. U-11548

At the November 25, 1997 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John G. Strand, Chairman
Hon. John C. Shea, Commissioner
Hon. David A. Svanda, Commissioner

OPINION AND ORDER

On October 1, 1997, The Michigan Exchange Carriers Association, Inc., (MECA) and Frontier Communications of Michigan, Inc., (Frontier) filed a joint application for certification that MECA's basic local exchange carrier members and Frontier are eligible telecommunications carriers for universal service purposes. This application was filed in accordance with the universal service provisions of the Telecommunications Act of 1996, 47 USC 214(e) and 254, and state law. On November 5, 1997, an amended application was filed to include the newest MECA company, PTI Communications of Michigan, Inc.

Telecommunications carriers are eligible to receive universal service support under the federal Act if (1) they offer the services that are supported by federal universal service support

mechanisms under Section 254(c), either through the use of their own facilities or a combination of their own facilities and the resale of another carrier's services (including the services offered by another eligible telecommunications carrier), and (2) they advertise the availability of those services and the charges for those services using one or more media of general distribution.

47 USC 214(e)(1).

The services or functionalities that are supported by federal universal service support mechanisms, as described in 47 CFR § 54.101, include: (1) voice grade access to the public switched network, (2) local usage, (3) dual tone multifrequency signaling or its functional equivalent, (4) single party service or its functional equivalent, (5) access to emergency services, (6) access to operator services, (7) access to interexchange service, (8) access to directory assistance, and (9) toll limitation for qualifying low income customers.

MECA and Frontier also request that the Commission establish a "service area" for purposes of determining universal service support. The federal Act defines the term "service area" to be a "geographic area established by a State commission for the purpose of determining universal service obligations and support mechanisms." 47 USC 214(e)(5). The MECA companies and Frontier request that they be designated as eligible telecommunications carriers for service areas that correspond to their study areas. Each of the MECA members and Frontier qualify as a "rural telephone company" as defined by the federal Act. 47 USC 153(37). They state that they are self-certifying and notifying the Commission that, for purposes of universal service support determinations, they meet the definition of a rural carrier.

After reviewing the application, the Commission finds that the MECA companies and Frontier have met the requirements necessary to be designated as eligible telecommunications

carriers for purposes of receiving universal service support in accordance with Section 254 of the federal Act. Except as noted below, the MECA companies and Frontier offer the services required for federal universal service support mechanisms under Section 254(c), and they advertise the availability of those services and the charges for those services using one or more media of general distribution.

Toll limitation, which is one of the services an eligible telecommunications carrier must provide, includes both toll blocking and toll control. 47 CFR § 54.400(b), (c), and (d). Toll blocking is a service that permits customers to elect not to allow the completion of out-going toll calls from their telephone. The application indicates that these companies will provide this service without charge to lifeline customers consistent with the Federal Communications Commission's (FCC) rules. Toll control is a service that permits customers to specify a certain amount of toll usage that may be incurred on their telephone line per month or billing cycle. None of the MECA companies or Frontier are able to provide toll control at this time. Neither the hardware nor software central office equipment necessary to provide toll control is available. The companies also note that the issue is currently pending reconsideration at the FCC.

The FCC's rules permit state commissions to grant waivers of the requirement to offer toll control for carriers that cannot technically provide certain toll limitation services. 47 CFR § 54.101(c). MECA and Frontier request that this waiver be granted for the time periods listed in each of the companies' affidavits attached to the application. The Commission grants the waiver requests for the specified times, unless the capability to offer toll control becomes available earlier.

These companies have self-declared themselves to be rural carriers for purposes of universal service determinations. In accordance with Section 214(e)(5) of the federal Act and 47 CFR § 54.207(b), the Commission finds that the MECA companies' and Frontier's study areas should be treated as their service areas for purpose of determining universal service obligations and support mechanisms.

MECA and Frontier should file any tariffs or revisions needed to comply with this order within 14 days.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1991 PA 179, as amended by 1995 PA 216, MCL 484.2101 et seq.; MSA 22.1469(101) et seq.; the Communications Act of 1934, as amended by the federal Telecommunications Act of 1996, 47 USC 151 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.
- b. The MECA companies and Frontier should be designated as eligible telecommunications carriers for purposes of receiving universal service support for high cost, low income, and rural healthcare funding assistance.
- c. The MECA companies and Frontier should be granted the requested waivers of the requirement to provide toll control service.
- d. Each of the study areas of the MECA companies and Frontier should be designated as service areas for purposes of determining universal service obligations and support mechanisms.
- e. The MECA companies and Frontier should file any necessary tariffs or revisions within 14 days.

THEREFORE, IT IS ORDERED that:

A. The members of The Michigan Exchange Carriers Association, Inc., and Frontier Communications of Michigan, Inc., are designated as eligible telecommunications carriers for purposes of receiving universal service support for high cost, low income, and rural healthcare funding assistance.

B. The members of The Michigan Exchange Carriers Association, Inc., and Frontier Communications of Michigan, Inc., are granted a waiver of the requirement to provide toll control service as described in this order.

C. Each of the study areas of the members of The Michigan Exchange Carriers Association, Inc., and Frontier Communications of Michigan, Inc., are designated as service areas for purposes of determining universal service obligations and support mechanisms.

D. The members of The Michigan Exchange Carriers of Association, Inc., and Frontier Communications of Michigan, Inc., shall file any necessary tariffs or revisions within 14 days.

E. The Executive Secretary shall provide appropriate notice of this order to the Federal Communications Commission.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand

Chairman

(S E A L)

/s/ John C. Shea

Commissioner, dissenting in a separate opinion.

/s/ David A. Svanda

Commissioner

By its action of November 25, 1997.

/s/ Dorothy Wideman

Its Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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THE MICHIGAN EXCHANGE CARRIERS)
ASSOCIATION, INC., for certification of its)
members and Frontier Communications of)
Michigan, Inc., as eligible telecommunications)
carriers for universal service purposes)

Case No. U-11548

DISSENTING OPINION OF COMMISSIONER JOHN C. SHEA

(Submitted on November 25, 1997 concerning order issued on same date.)

While the federal universal service program is no doubt a worthy program, the majority, I believe, has erred in issuing the accompanying order for the reason that the Michigan Legislature has seen fit to deny to this Commission the power to implement any universal service program.

By enacting the Michigan Telecommunications Act ("MTA"), the Michigan Legislature expressly limited the Commission in the exercise of its authority. See, MCL 484.2201(2); MSA 22.1469(201) (2) ["In administering this act, the Commission shall be limited to the powers and duties prescribed by this act"]. Elsewhere, the MTA provides that the Commission shall create a task force "to study changes occurring in the federal universal service fund and the need for the establishment of a state universal service fund," MCL 484.2202 (e); MSA 22.1469(202) (e) [emphasis added], and to "issue a report to the legislature and governor on or before December 31, 1996 containing . . . findings and recommendations." Id. The state universal service report was completed and sent to the Michigan Legislature but, as of this date, no legislative action has been completed that would implement a universal service fund program. Without such statutory

authority, this Commission can not act. See, Union Carbide Corp v PSC, 428 NW2d 322, 431 Mich 135 (1988).

Accordingly, I dissent.

MICHIGAN PUBLIC SERVICE COMMISSION



John C. Shea, Commissioner

MICHIGAN EXCHANGE CARRIERS ASSOCIATION, INC.

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Agris Pavlovskis
President
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December 17, 1997

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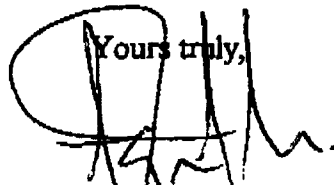
William Stark
Baraga
Telephone Company

To Whom it May Concern:

RE: MECA's Membership

The thirty-five members of The Michigan Exchange Carriers Association, Inc. ("MECA") are listed on the attached Appendix A. MECA filed its Application in Case No. U-11548 on behalf of all of these members.

Yours truly,



Agris Pavlovskis
President

APPENDIX A

MICHIGAN EXCHANGE CARRIERS ASSOCIATION LIST OF MEMBER COMPANIES

Ace Telephone Company of Michigan,
Inc.

Allendale Telephone Company

Baraga Telephone Company

Barry County Telephone Company

Blanchard Telephone Association, Inc.

Bloomington Telephone Company

Carr Telephone Company

Century Telephone Company of
Michigan

Century Telephone Midwest, Inc.

Century Telephone of Northern
Michigan, Inc.

Chapin Telephone Company

Chatham Telephone Company

Chippewa County Telephone
Company

Climax Telephone Company

Communication Corp. of Michigan

Deerfield Farmers' Telephone
Company

Drenthe Telephone Company

Hiawatha Telephone Company

Island Telephone Company

Kaleva Telephone Company

Lennon Telephone Company

Midway Telephone Company

Ogden Telephone Company

Ontonagon County Telephone
Company

Peninsula Telephone Company

Pigeon Telephone Company

PTI Communications of Michigan, Inc.

Sand Creek Telephone Company

Shiawassee Telephone Company

Springport Telephone Company

Upper Peninsula Telephone Company

Waldron Telephone Company

Westphalia Telephone Company

Winn Telephone Company

Wolverine Telephone Company